

मुख्य पोस्ट मास्टर जनरल डाक
परिमंडल, के पत्र क्रमांक 22/153,
दिनांक 10-1-06 द्वारा पूर्व भुगतान
योजनान्तर्गत डाक व्यय की पूर्व अदायगी
डाक द्वारा भेजे जाने के लिए अनुमति.



पंजी. क्रमांक भोपाल डिवीजन
म. प्र.-108-भोपाल-09-11.

मध्यप्रदेश राजपत्र

(असाधारण) प्राधिकार से प्रकाशित

[क्रमांक 445]

भोपाल, सोमवार, दिनांक 6 सितम्बर 2010—भाद्र 15, शक 1932

ऊर्जा विभाग

मंत्रालय, बल्लभ भवन, भोपाल

Bhopal, the 6th September 2010

POLICY

No. F- 1-01-09-XIII.—Pursuant to review of the Independent Power Projects (IPPs) proposed to be implemented in the State through Memorandum of Understanding (MoU) route, the Government of Madhya Pradesh (GoMP) formulates this Policy for implementation with immediate effect, namely the **Madhya Pradesh (Investment in Power Generation Projects) Policy, 2010**.

This Policy will be applicable to the Independent Power Projects (IPPs) to be developed by the Developers with whom MoUs or Implementation Agreement have been signed by the State Government as well as to all future IPPs, which may be developed through the MoU route under this Policy.

To meet the objectives of this Policy, the GoMP, on a first come first serve basis, shall execute a MoU with those developers only who meet the qualification criteria according to this Policy. However, it shall not be binding on the GoMP to execute a MoU with any Developer, who satisfies all the qualification criteria under this Policy.

A. Projects for which only MoU has already, been signed.—(i) Developers (being either single companies or consortia of companies or Special Purpose Vehicles), which have executed MoUs with GoMP and are seeking extension in validity of their MoUs shall be required to demonstrate satisfactory evidence of progress achieved in the development of the project, which shall be monitored on the basis of milestones indicated in this Policy (Ref. Item 6).

(ii) Validity period of existing MoUs could be extended, on request, at the discretion of the GoMP.

(iii) If no satisfactory progress is found to be achieved, it will result in cancellation of the MoU and any approvals accorded to the Developers shall be withdrawn.

(iv) Implementation Agreement will be signed with Developers who have signed MoUs and achieved the milestones referred in item 6 within the original or extended validity period of the MoU.

B. Projects for which MoU and Implementation Agreement has already been signed.—(i) Developers, which have executed Implementation Agreement (IA), shall be required to submit satisfactory evidence of progress achieved based on the timelines specified in the IA. If the Developers are unable to achieve the milestones within the stipulated date, the State Government shall have a right to terminate the IA. This will also cause withdrawal of all facilities provided to or availed by the Developer.

(ii) However, the GoMP at its discretion can extend the stipulated time for any specific milestone.

(iii) Each Developer has to necessarily, before executing the PPA, incorporate a separate company as a special purpose vehicle (SPV) for executing the PPA and setting up the Project, if not already incorporated specifically for developing the proposed project.

C. Policy for future projects.—Henceforth, MoUs under this Policy shall be executed and be governed by the following Policy provisions.

1. Eligibility Criteria for selection of Developer.—

- (a) **Technology.**—A power project of any capacity based on the conventional fuel (coal or gas), but preferably utilizing super critical / ultra super critical / CFBC technology or integrated coal / IGCC technology or carbon sequestration technology shall be developed. However, any new project using coal as fuel, where the capacity proposed is above 660 MW, shall necessarily use supercritical/ultra supercritical technology.
- (b) **Technical Criteria.**—To demonstrate technical capacity and experience, the Developer / IPP company signing an MoU shall satisfy the following:
 - (i) The Developer must have experience in development / construction of projects (not necessarily in the power sector) during the last ten (10) years, whose aggregate capital cost must not be less than the amount equivalent to Rs. 0.75 crore per MW of the maximum capacity (expected gross capacity) of the power station proposed to be set up. Out of these projects, the capital cost of at least one project should be equivalent or more than Rs. 0.125 crore per MW of the maximum capacity (expected gross capacity) of the power station proposed to be set up. For this purpose, capital expenditure incurred on projects that have been completed at least seven (7) days prior to the date of the Expression of Interest (EOI) shall be considered. Further, in case a clearly identified part of a project has been put into commercial operation, the capital expenditure on such part of the project shall be considered, if certified as completed, by the statutory auditor of such Developer.

Development of project shall mean successful commissioning of a project in which the single company / lead member in case of a consortium / such company(ies) that directly or indirectly control(s)¹ or is controlled by or is under common control with the single company or the lead member of the consortium held equity stake of not less than twenty-six percent (26%) from the time of financial closure till the time of commissioning of such project(s).

- (ii) The Developer signing a MoU for developing a power project under this Policy may be a single company or a consortium of companies coming together to develop the Power Project.
- (iii) However, in case of a consortium one, of the member companies shall be identified as the lead member in the consortium. The criterion (i) above shall apply to the lead member in case of a consortium; in which case the Lead Member's share in the SPV shall not be less than fifty one percent (51 %). Change in constituents of the consortium, other than the lead member, will be permissible till the signing of the Implementation Agreement (IA). However, the change in the constituents of the consortium, except for the lead member, after signing of IA, and before executing the PPA, shall require express written consent of the Secretary (Energy), GoMP. Post execution of the PPA, this shall be governed by the provisions of the PPA. Change in the lead member shall not be permitted at any stage.
- (iv) In case the Developer is a single company, it shall sign the MoU and the Implementation Agreement under this policy with the GoMP. In case the Developer is a consortium, then the lead member, on behalf of the consortium, or the SPV, shall sign the MoU and Implementation Agreement under this Policy with the GoMP.
- (c) **Financial criteria.**—The Developer signing the MoU must fulfill following minimum financial requirements.—
 - (i) **Net-worth.**—Rs. 0.50 crore or equivalent US\$² per MW per MW of the proposed capacity of the project proposed to be set up, if the maximum capacity does not exceed 2,000 MW.

¹ Control shall mean ownership by one (1) company of at least twenty six percent (26%) of the voting rights and equity of the other company.

² The US\$-Indian Rupee Exchange rate for the purpose of this Policy shall be considered as the corresponding IT buying rate specified by the State Bank of India seven days before the date of signing the MoU.

In case the maximum capacity of the project proposed to be set up exceeds 2,000 MW, the net worth requirement shall be Rs. 1,000 crores or Rs. 0.25 crore per MW or equivalent US\$ of the proposed capacity whichever is higher. The above computation shall be derived from any of the past three (3) years audited annual accounts of the Developer.

In case the Developer has issued any fresh equity capital during the current financial year but until a date seven (7) days prior to the submission of the EOI, the same shall be permitted to add to the Developer's Net-worth subject to the statutory Auditor of the Developer certifying to this effect.

Net-worth.—for this purpose shall be computer as below.—

Net-worth

| | |
|-----------|--|
| = | Share capital ³ |
| Add. | Reserves |
| Subtract: | Revaluation reserves |
| Subtract: | Intangible assets |
| Subtract: | Miscellaneous expenditures to the extent not written off and carry forward losses. |

- (ii) **Annual Turnover:** Rs. 1.20 crore or equivalent US\$ per MW of the proposed capacity of the project to be set up, if the maximum capacity does not exceed 2,000 MW. In case the maximum capacity of the project to be set up exceeds 2,000 MW, the annual turnover requirement shall be Rs. 2,400 crore or Rs. 0.60 crore or equivalent US\$ per MW of the proposed capacity of the project, whichever is higher. The above computation shall be derived from any of the past three (3) years audited annual accounts of the Developer.
- (d) In case of interest expressed by a consortium under this Policy, the financial criteria shall be met individually and collectively by all the Members in the Bidding consortium and shall be computed in proportion of their proposed equity stake in the SPV as mentioned in the consortium agreement.
- (e) For the purposes of meeting the financial criteria, the single company / lead member of the consortium may use the financial capability of such company(ies) that directly or indirectly controls or is controlled by or is under common control with the single company / lead member of the consortium.
- (f) For the purpose of meeting the technical and financial criteria, only unconsolidated audited annual accounts shall be used. However, audited consolidated annual accounts of the Developer being a single company / lead member of a consortium / SPV may be used for the purpose of financial criteria provided such single company / Lead member in case of a consortium / SPV has at least twenty-six percent (26%) equity in each company whose accounts are merged in the audited consolidated accounts and provided further, that the financial capability of such companies (of which accounts are being merged in the consolidated accounts) shall not be considered again for the purpose of evaluation of the financial criteria.
- (g) In case of a consortium signing a MoU under this Policy, the lead member shall be responsible for performance of all the duties and obligations of the Developer under this Policy.

2. Administrative Support.—(a) **Land**—It shall be the responsibility of the Developer to identify the project site. The Developer / SPV shall undertake a preliminary feasibility of acquiring land at the potential sites, make all possible endeavour to procure land and only if necessary, the Government may be approached to for land acquisition.

(b) **Fuel Sourcing**—The responsibility of sourcing and transportation / supply of fuel to the project shall lie with the Developer. In case of mine allocation, the State Government may recommend the allocation of mines for the power project. In case of fuel linkage, the State Government may recommend the fuel linkage to the project covered under this Policy. While recommending to the Central Government for fuel linkage / mine allocation, the State shall give priority to projects proposed to be set up via competitive bidding.

³ Share capital for this purpose shall only include equity share capital with voting rights.

(c) **Power Evacuation.**—The State Government, through the State Transmission Utility or other assignees, will facilitate the clearances and approvals for connecting the Power Station to the nearest STU / CTU substation. However, the responsibility for obtaining the clearances and approvals shall remain with the Developer.

The Developer would need to bear the cost of dedicated transmission line, cost of interfacing at both ends, and cost of replacement / up gradation / augmentation of existing equipment or transmission systems etc.

3. **Options for power purchase.**—It will be binding on the Developer to sell power to the extent of ten percent (10%) of the total power generated (ex-bus) to the GoMP or its nominated agency at the Variable Cost as approved by the Madhya Pradesh Regulatory Commission (MPERC). Further, the GoMP shall have the first right to purchase additional power to the extent of thirty percent (30%) of generation (ex-bus) from the project at the cost approved by the Madhya Pradesh Electricity Regulatory Commission and according to the conditions of the IA / PPA to be signed between the GoMP (or its nominated agency) and the Developer / SPV.

4. **Invocation of option of power purchase / first right of refusal.**—The GoMP shall furnish details of such power projects for which MoU and IA has been signed under this Policy to a nominated agency / distribution licensee(s). The nominated agency / distribution licensee(s), at their discretion, will purchase such capacity in accordance with this Policy, after completing necessary procedural formalities.

5. **Implementation methodology.**—(a) A Developer, intending to setup an Independent Power Project under this Policy, shall be required to enter into a MoU with the Energy Department, GoMP.

(b) The MoU signed shall remain valid for twelve (12) months from the date of signing of such MoU. This period could be extended at the discretion of the GoMP.

(c) The Developer, signing a MoU under this Policy, shall be required to submit a Detailed Project Report (DPR) before signing the Implementation Agreement. This DPR should contain the details of generation technology, fuel, water and land utilization, environment pollution control technology, preliminary financial viability, expected tariffs, etc.

(d) The activities and milestones to be achieved by the Developers shall follow the schedule and timelines given in item 6. Unless extended by GoMP, non-compliance of the schedule within specified timelines shall result in cancellation of MoU and withdrawal of all facilities provided to the Developer.

(e) The Secretary (Energy), GoMP will regularly monitor the implementation of the project.

6. Milestones and its timeline to be achieved by the Developer :

| Sr. No. | Activities/ Milestone | Timeline | Documents to be submitted by the Developers on achievement of milestone |
|---------|--|--|---|
| (1) | (2) | (3) | (4) |
| 1 | Technical and commercial Feasibility studies | Before signing the Implementation Agreement | Detailed Project Report (DPR). |
| 2 | Water Allocation | Before signing the Implementation Agreement | In Principle Water Allocation |
| 3 | Land Acquisition | At least twenty five percent (25%) of identified land acquired before signing the Implementation Agreement | Land Registration / Transfer deed / Land lease agreement. |
| 4 | Environment Impact Assessment | Before signing the Implementation Agreement | Copy of ToR issued for appointment of consultant for carrying out EIA. |

7. An Implementation Agreement (IA) will be signed after achieving the above milestones within the validity period of MoU.

8. **Power to remove difficulties.**—Notwithstanding anything contained in the foregoing sections of the Madhya Pradesh (Investment in Power Generation Projects) Policy, 2010, the Government of Madhya Pradesh, through the Energy Department, shall have the powers to relax / issue clarifications, if any, on any matter related to the interpretation of any provisions under this Policy in consultation with the concerned State Govt. Departments / Agencies, including necessary changes in the MoU, relaxation in the qualification criteria, Implementation Agreement and the standard power purchase agreement.

This Policy shall come into effect from the date of issuance and shall remain effective until further orders.

MOHD. SULEMAN, Secretary (Energy).